

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices Priority Mail
Priority Mail
Priority Mail Contract 95

Docket No. MC2014-49

Competitive Product Prices
Priority Mail Contract 95 (MC2014-49)
Negotiated Service Agreement

Docket No. CP2014-85

PUBLIC REPRESENTATIVE COMMENTS ON POSTAL SERVICE REQUEST TO ADD
PRIORITY MAIL CONTRACT 95 TO COMPETITIVE PRODUCT LIST
(October 2, 2014)

The Commission issued Order No. 2199 to receive comments on a Postal Service Request to add Priority Mail Contract 95 to the competitive product list.^{1 2} The Postal Service's Request includes a Statement of Supporting Justification, a certification of compliance with 39 U.S.C. § 3633(a), and a copy of the Certification of Governors' Vote in the Governor's Decision No. 11-6 dated March 22, 2011. The proposed new product contract and supporting financial data were filed under seal.

The Postal Service states that Priority Mail Contract 95 is a competitive product "not of general applicability" within the meaning of 39 U.S.C. § 3632(b)(3). Request at 1. It also asserts that the prices and classification underlying the instant contract are supported by Governors' Decision No. 11-6.³

The instant contract will be effective the day following the date on which the Commission issues all necessary regulatory approvals. Attachment B at 9. The contract

¹ Request of the United States Postal Service to Add Priority Mail Contract 95 to Competitive Product List and Notice of Filing (Under Seal) of Unredacted Governors' Decision, Contract, and Supporting Data, September 29, 2014 (Request).

² PRC Order No. 2199, Notice and Order Concerning the Addition of Priority Mail Contract 95 to the Competitive Product List, September 30, 2014.

³ Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, March 22, 2011 (Governors' Decision No. 11-6).

is scheduled to expire three years from the effective date unless either party terminates the contract on 90 days' prior written notification. *Id.* at 9.

COMMENTS

Based on the financial data filed by the Postal Service the contract appears to meet the requirements of 39 U.S.C 3633(a) during the first contract year.

The contract terms include an adjustment of prices periodically with changes in prices of general applicability. However, contrary to these terms, the contract also includes discounted rate charts specifically applicable to subsequent contract years.

It should be noted that while the cost coverage is reduced by seven percentage points when calculated keeping constant the initial contract year discounted rates and including growth in inflation factors as provided in the financial model for subsequent years, the cost coverage appears to meet the requirements of 39 U.S.C. 3633(a) in the following years. The Public Representative is also mindful that the Postal Service must report data relating to NSA's annually to the Commission to ensure compliance with statutory requirements.

Based upon review of the instant contract, the Statement of Supporting Justification, and the financial data and model filed under seal, the Public Representative concludes that Priority Mail Contract 95 should be categorized as a competitive product and added to the competitive product list.

The Public Representative respectfully submits the preceding Comments for the Commission's consideration.

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